# BEFORE THE FEDERAL COMMUNICATIONS COMMISSION WASHINGTON, D.C. 20554

| In the Matter of   |                           |
|--|---------------------------|
| Applications of AT&T Inc. and Atlantic<br>Tele-Network, Inc. for Consent to the<br>Transfer of Control of Licenses and<br>Authorizations Held by Atlantic Tele-Network,<br>Inc. and Its Subsidiaries | WT Docket No. 13-54 ) ) ) |

SECOND SUPPLEMENTAL RESPONSE OF AT&T INC. TO INFORMATION AND DISCOVERY REQUEST DATED JUNE 5, 2013

July 17, 2013

## 3. REQUEST:

The Applicants state that the Proposed Transaction will ensure that the spectrum subject to the instant transaction will be "put to a significantly more valuable and efficient use than Allied has been, or would be, able to achieve on its own given the obstacles it faces." (Public Interest Statement at 7-8.) Explain the spectrum requirements of the Company in the relevant geographic areas, including a discussion of whether the Company can currently, and plans to, deploy 4G in each relevant area (and what technology would be used) and how the Company will put the spectrum subject to the transaction to a more valuable and efficient use. Provide all documents discussing the claimed network spectrum efficiencies, spectrum use, spectrum exhaust, and the spectrum requirements of the Company in any relevant area.

### **RESPONSE:**

As discussed in the AT&T Initial Information Request Response, AT&T currently is deploying 4G HSPA+ and 4G LTE service throughout its footprint, with a plan to cover 300 million people with 4G HSPA+ by the end of 2013, and 300 million people with 4G LTE by the end of 2014. Previously produced documents show AT&T's current nationwide deployment plans, including plans for high-speed backhaul deployments that allow for 4G HSPA+ and 4G LTE deployment. As explained in the Kreisher Declaration, Allied lacks the spectrum "to launch a 4G network comparable to those of national carriers in speed and capacity," and "[e]ven a limited 4G network deployment would . . . result in degraded experiences for 2G and 3G customers." By contrast, AT&T will put Allied's spectrum to use rapidly as part of AT&T's 4G HSPA+ and 4G LTE deployments, both of which will provide faster and more efficient service than Allied's current 3G EV-DO services.

<sup>&</sup>lt;sup>1</sup> Response of AT&T Inc. to Information and Discovery Request Dated June 5, 2013, at 6 (filed June 19, 2013) ("AT&T Initial Information Request Response").

 $<sup>^2</sup>$  See ATTF-ATN00000001; ATTF-ATN00000012; ATTF-ATN00000013; ATTF-ATN00000616; ATTF-ATN00000667.

<sup>&</sup>lt;sup>3</sup> Declaration of William F. Kreisher ¶ 13 (filed Feb. 5, 2013).

AT&T intends to deploy 4G HSPA+ on [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] sites in the integrated network in Allied's territory. AT&T's 4G LTE planning for this territory is still in progress, but AT&T plans to deploy 4G LTE on [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] of the integrated sites. Specifically, [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

### [END AT&T HIGHLY

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<sup>4</sup> [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]

<sup>5</sup> [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY

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A previously produced document shows AT&T's progress, as of June 11, 2013, on identifying high-speed backhaul solutions for Allied sites that would be integrated into AT&T's network.<sup>6</sup> Additionally, AT&T is submitting with this Second Supplemental Response more-recent documents that provide updates on the status of AT&T's efforts to arrange for high-speed backhaul for integration sites.<sup>7</sup> One of these documents also includes an explanation of AT&T's preliminary plans to transition Allied spectrum to more efficient 4G HSPA+ services.<sup>8</sup> As used in that document, "UMTS" refers to 4G HSPA+.

\* \* \* \* \*

Allied holds Lower 700 MHz spectrum, [BEGIN ALLIED HIGHLY

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[END ALLIED HIGHLY CONFIDENTIAL INFORMATION] in nine Cellular Market Areas ("CMAs"). In seven of those nine CMAs, AT&T holds 12 MHz of pretransaction 700 MHz spectrum, and the 700 MHz spectrum from Allied will give AT&T 24 MHz of contiguous spectrum, allowing AT&T to deploy a 10x10 MHz 4G LTE product using 700 MHz Lower B and C Block spectrum. These seven CMAs are:

<sup>&</sup>lt;sup>6</sup> See ATTF-ATN00002587; ATTF-ATN00002597; see also ATTF-ATN00002553.

<sup>&</sup>lt;sup>7</sup> See ATTF-ATN00005084, at slide 4; ATTF-ATN00005052, at slide 4; ATTF-ATN00004890, at slide 10; ATTF-ATN00005076.

<sup>&</sup>lt;sup>8</sup> See ATTF-ATN00005084, at slide 19.

<sup>&</sup>lt;sup>9</sup> See AT&T Initial Information Request Response at 7-8.

| CMA                   |
|-----------------------|
| 158 - Lima, OH        |
| 231 - Mansfield, OH   |
| 378 - Warren, GA-8    |
| 401- Washington, IL-8 |
| 588 - Mercer, OH-4    |
| 589 - Hancock, OH-5   |
| 625 - Oconee, SC-1    |

# **5. REQUEST:**

The Applicants state that the transaction "will result in cost savings and synergies . . . such as the reduction of general and administrative costs, more efficient billing functions, and lower network operating expenses." (Public Interest Statement at i, 11-12.) Further, the Applicants state that "AT&T . . . projects that the transaction will result in substantial savings in network operating expenses. AT&T expects to be able to take advantage of many of Allied's towers while saving costs through decommissioning redundant sites. In addition, roaming costs will decline sharply with the resultant elimination of double marginalization." (Public Interest Statement at 11.) Explain in detail all of the cost savings and synergies that may result from the Proposed Transaction, including all roaming cost savings and/or synergies. Provide all documents discussing any operational savings and other cost synergies.

- a. For each operational savings or cost synergy identified by the Applicants, (i) provide a quantification of the operational savings or cost synergy and an explanation of how the quantification was calculated; (ii) state the steps that the Company anticipates taking to achieve that operational savings or cost synergy, and the estimated time and costs required to achieve it.
- b. For each cost savings, state separately the one-time fixed cost savings, recurring fixed cost savings, and variable cost savings (in dollars per subscriber and dollars per year).
- c. Provide all plans, analyses, and reports discussing how the Company will overlay networks, switching facilities, and cell sites, including where and when existing cell sites will be consolidated and the criteria to be used to consolidate cell sites; and the number of cell sites that the Company will own, share, or decommission in any relevant area.

#### **RESPONSE:**

AT&T is submitting a document with supplemental information related to assumptions underlying AT&T's cost analysis of the transaction. AT&T also is submitting more-recent documents showing AT&T's current integration plans, including projected integration timelines, cell site integration analyses, and spectrum transition plans. Among these documents is a site-by-site analysis of Allied locations, containing AT&T's current integration plans for each site. The integration of Allied cell sites will result in a much denser and broader cell grid compared to each company's current network, providing customers of both companies with improved coverage, performance, and reliability. To illustrate this point, Allied customers currently receive Allied service on [BEGIN ALLIED HIGHLY CONFIDENTIAL INFORMATION]

[END ALLIED HIGHLY CONFIDENTIAL INFORMATION] across Allied's footprint. After AT&T integrates the two networks, Allied customers will receive AT&T service

on [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]; ATTF-ATN00004890, at slide 22 (showing | BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION)

### [END AT&T HIGHLY CONFIDENTIAL INFORMATION]

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AT&T's site integration analysis is a work in progress, so site counts may vary across different documents, and even within the same document, due to a variety of factors. Nonetheless, while the precise details may vary, directionally, they consistently show the large gains in cell site density and breadth of coverage that will result from integration of the two networks.

<sup>&</sup>lt;sup>10</sup> See ATTF-ATN00005074.

<sup>&</sup>lt;sup>11</sup> See ATTF-ATN00005084; ATTF-ATN00005052; ATTF-ATN00005077; ATTF-ATN00004890; ATTF-ATN00005076. ATTF-ATN00005076 is an updated version of ATTF-ATN00002553, which was produced as part of AT&T's Initial Information Request Response.

<sup>&</sup>lt;sup>12</sup> See ATTF-ATN00005076.

<sup>&</sup>lt;sup>13</sup> See ATTF-ATN00005084, at slides 7, 18 (showing **IBEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION**]

**HIGHLY CONFIDENTIAL INFORMATION**] cell sites in the same territory. <sup>14</sup> As stated in the AT&T Initial Information Request Response, AT&T's integration planning remains preliminary at this point, and is subject to change depending on a variety of data that AT&T is still in the process of gathering and analyzing. <sup>15</sup>

AT&T also is submitting additional documents related to cost savings from the transaction. A comparison of figures in different documents indicates the savings from integrating Allied cell sites. One of the documents being submitted herewith shows that, as of July 1, 2013, AT&T plans to decommission [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]

existing sites from the two networks. <sup>16</sup> In addition, a previously produced document shows AT&T's pre-transaction plans for [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION] in AT&T's network in Georgia and the Carolinas. <sup>17</sup> One document, submitted herewith, shows that the planned incorporation of Allied cell sites in Georgia and the Carolinas [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

# [END AT&T HIGHLY CONFIDENTIAL INFORMATION]

<sup>&</sup>lt;sup>14</sup> See ATTF-ATN00005084, at slides 7, 18 (showing **IBEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION**]

<sup>&</sup>lt;sup>15</sup> AT&T Initial Information Request Response at 15.

<sup>&</sup>lt;sup>16</sup> See ATTF-ATN00005084, at slide 7. For existing Allied sites, AT&T estimates this rationalization will save [BEGIN AT&T HIGHLY CONFIDENTIAL] [END AT&T HIGHLY CONFIDENTIAL] per month per site in operating expenses. See ATTF-ATN00005074.

<sup>&</sup>lt;sup>17</sup> See ATTF-ATN00000616, at ATTF-ATN00000632.

### [END AT&T HIGHLY CONFIDENTIAL

**INFORMATION**] Moreover, by integrating existing Allied cell sites into AT&T's network instead of building new ones, AT&T will be able to forego the lengthy process of identifying, leasing, zoning, permitting, and constructing new sites. Consequently, customers will receive the benefits of the broader and denser network more quickly than if AT&T could not take advantage of Allied's existing sites.

# **6. REQUEST:**

The Applicants state that AT&T expects to overlay the Allied network with 4G technology, providing Allied customers with upgraded service compared to the 3G service they currently receive. (Public Interest Statement at 6.) Identify whether the network will be 4G HSPA+ or LTE for each relevant area. Explain the network transition plan including plans and timeline to deploy a network and any "fallback" technology. If the planned network is 4G HSPA+, explain whether AT&T has plans to upgrade the planned network to LTE. If so, describe the planned timeframes, investment, and financing for the upgrades. Provide all plans, analyses, and reports discussing: a) the Company's pre-transaction 4G deployment plans in each relevant area; and b) the Company's transition of Allied's network.

### **RESPONSE:**

AT&T has provided additional documents and narrative related to this request above in the supplemental responses to Requests 3 and 5.

### 7. REQUEST:

Explain AT&T's plans relating to any of Allied's roaming or build out agreements including whether, and for how long, the company will provide CDMA roaming on the divestiture network following the transaction. Further explain whether: (1) AT&T will provide CDMA roaming services at the current rates, terms and conditions until the CDMA network is shut down; (2) AT&T has any plans to raise roaming rates or change other terms and conditions prior to shutting down the CDMA network; and (3) whether AT&T plans to renew, extend, or sign new roaming agreements prior to shutting down the CDMA network. Provide all documents relied on in preparing these responses. Provide all documents discussing any Allied roaming or build out agreement in any relevant area.

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<sup>&</sup>lt;sup>18</sup> ATTF-ATN00004886 at p. 1.

### **RESPONSE:**

In the AT&T Initial Information Request Response, AT&T stated that it will not decommission Allied's 3G EV-DO network to the extent that the 3G EV-DO network remains necessary for AT&T to honor the roaming agreements it assumes (subject to any mutually agreeable modifications). Accordingly, AT&T will need to maintain Allied's 3G EV-DO network so as to serve CDMA roaming customers until at least [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION] And, for

so long as AT&T maintains Allied's 3G EV-DO network, the Commission's rules will require

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]

ATN-000033943.

<sup>20</sup> See [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] In the AT&T Initial Information Request Response, AT&T inadvertently failed to note that nine sites in [BEGIN ALLIED HIGHLY CONFIDENTIAL INFORMATION]

[END ALLIED HIGHLY CONFIDENTIAL INFORMATION]

**[END AT&T HIGHLY CONFIDENTIAL INFORMATION]** so AT&T will not be able to provide CDMA roaming services from these nine sites to any carrier.

<sup>&</sup>lt;sup>19</sup> [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

AT&T, "upon a reasonable request," to "provide automatic [real-time, two-way switched voice or data] roaming to any technologically compatible, facilities-based CMRS carrier on reasonable and not unreasonably discriminatory terms and conditions." In addition, the automatic data roaming rule will require AT&T to negotiate data roaming agreements in good faith with CDMA carriers and to offer them rates, terms, and conditions that are commercially reasonable. Thus, other CDMA carriers will be able to receive CDMA roaming services from AT&T for as long as [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

### [END ALLIED HIGHLY

**CONFIDENTIAL INFORMATION**] AT&T understands that ATN will be producing this agreement in a subsequent filing.

<sup>.</sup> 

<sup>&</sup>lt;sup>21</sup> See 47 C.F.R. § 20.12(d).

<sup>&</sup>lt;sup>22</sup> See id. § 20.12(e); see also Reexamination of Roaming Obligations of Commercial Mobile Radio Serv. Providers & Other Providers of Mobile Data Servs., Second Report and Order, 26 FCC Rcd. 5411, 5423-24 ¶ 23 (2011) ("This rule also includes the ability to offer individualized, commercially reasonable terms, including rates."), aff'd sub nom. Cellco P'ship v. FCC, 700 F.3d 534 (D.C. Cir. 2012).

<sup>&</sup>lt;sup>23</sup> [BEGIN ALLIED HIGHLY CONFIDENTIAL INFORMATION]

<sup>&</sup>lt;sup>24</sup> See note 20 above. Apart from the nine sites discussed in that footnote, AT&T has been advised by ATN that the roaming agreement with [BEGIN ALLIED HIGHLY CONFIDENTIAL INFORMATION] [END ALLIED HIGHLY CONFIDENTIAL INFORMATION] covers [BEGIN ALLIED HIGHLY CONFIDENTIAL INFORMATION] [END ALLIED HIGHLY CONFIDENTIAL INFORMATION] of Allied's current CDMA network footprint. However, AT&T has not yet been able to verify this fact independently.

#### **[END AT&T HIGHLY**

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### 9. **REQUEST:**

Describe in detail how the Company expects to migrate customers and provide all plans, analyses, and reports discussing the migration plan, including plans for customer transition to new pricing plans and devices, and the timeline for this transition.

- a. Explain the likely impact of the Proposed Transaction and the Company's migration plans on Allied customers' existing rates, service plans, and devices, including, but not limited to, a discussion of device replacement plans, device comparability, and whether customers will be subsidized, in full or in part, for the costs of new devices. This explanation should also include, but not be limited to, a discussion of the Company's maintenance and transition of those Allied customers, detailed by plan, that have lower price rate plans to the extent that the Company does not provide comparably-priced plans for comparable services.
- b. Explain whether the CDMA network will be maintained at the same level prior to transitioning customers off the network, and whether subscribers will be able to access the same services during this time period.
- c. Explain whether AT&T will honor the terms and conditions of the Allied customers' existing contracts for the life of their contracts.
- d. Provide all documents relied upon in preparing these responses.

#### **RESPONSE:**

AT&T's customer transition planning has continued since the AT&T Initial Information Request Response was filed but remains a work in progress. With this Second Supplemental Response, AT&T is providing documents created since the earlier filing that outline AT&T's plans for the customer transition, including customer communications and customer care to smooth the transition for Allied customers.<sup>25</sup> One of these documents describes account and

 $<sup>^{25}\,\</sup>textit{See}$  ATTF-ATN00004889; ATTF-ATN00005050; ATTF-ATN00005049; ATTF-ATN00004890, at slides 11-15.

device options that may be available to customers before, during, or after pre-selection or migration.<sup>26</sup> Due to the ongoing customer transition planning process, the description of these plans below and in the documents being submitted remains subject to change.

As discussed in the AT&T Initial Information Request Response, based on its plans, as well as experience from prior transactions, AT&T currently expects that [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] from the date of the proposed transaction's close, the majority of Allied customers will have been migrated to AT&T's network. [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

<sup>&</sup>lt;sup>26</sup> See ATTF-ATN00005049.

<sup>&</sup>lt;sup>27</sup> See AT&T Initial Information Request Response at 23.

<sup>&</sup>lt;sup>28</sup> See id. at 23-24.

<sup>&</sup>lt;sup>29</sup> See id.

<sup>&</sup>lt;sup>30</sup> See id.

<sup>&</sup>lt;sup>31</sup> *See id.* at 24.

# [END AT&T HIGHLY CONFIDENTIAL INFORMATION]

Because Allied's rate plans were designed for, and Allied customers purchased rate plans based on, 3G EV-DO data consumption, AT&T is concerned that Allied customers who keep their plans might consume their monthly data allotments too quickly on a 4G LTE network and, in some cases, face overage charges as a result.<sup>33</sup> Accordingly, AT&T plans [BEGIN AT&T HIGHLY CONFIDENTIAL]

### [END AT&T HIGHLY CONFIDENTIAL]

<sup>&</sup>lt;sup>32</sup> See id.

<sup>&</sup>lt;sup>33</sup> Consistent with its usual practices, AT&T will notify such customers before they reach their monthly limit, so they can avoid overage charges. *See* AT&T Inc., Ways to Manage Your Wireless Usage: Usage Alerts and Overage Notifications, http://www.att.com/esupport/article.jsp?sid=KB110276&cv=820#fbid=TLZHl-bhPFU (last visited July 17, 2013).

<sup>&</sup>lt;sup>34</sup> See ATTF-ATN00004890, at slide 11.

<sup>&</sup>lt;sup>35</sup> *Id*. at slide 15.